

Budget & Taxes Legislative Monitor

Congressman Jim Nussle

Manchester, Iowa

Winter 2004

Jim Nussle's Agenda for Iowa...

***Protect our
Nation with
Homeland Security***

***Strengthen the
Family Farm***

**Fair Taxation
& Responsible
Budgets**

***Long-term
Energy Strategies***

***Retirement Security
for All Iowans***

***Strengthen Medicare
& Ensure Health
Care Access***

***Student-centered
Education with
Local Control***

***Keep Promises
Made to Our
Nation's Veterans***

***Grow Our Economy
to Create Jobs***

Nussle Agenda for Fair Taxation & Responsible Budgets

"As chairman of the House Budget Committee, it is my goal to put forth the best budget possible to address Iowa's priorities and responsibly meet our country's needs. Maintaining fiscal discipline in Washington has long been a focus for me. As a senior member of the Ways and Means Committee, which has jurisdiction over tax issues in the House of Representatives, I believe it is important to provide tax relief to strengthen the economy. We should also take steps to simplify America's tax code."

Jim Nussle

Jim is working to achieve a positive legislative agenda for Iowa's future. Jim has worked on Iowa's priorities since coming to Congress and will continue to work on these priorities in the 108th Congress.

After countless meetings with Iowans, as well as through letters, e-mails and phone calls, he has created the following goals.

Goals for Fair Taxation and Responsible Budgets:

1. Fully Fund the War on Terrorism
2. Fully Fund Our Homeland Defense
3. Budget for Future Emergencies
4. Government Living Within Its Means
5. Fund the 2002 Farm Bill
6. Ensure Certainty for Vital Transportation Funding
7. Hold the Line on Discretionary Spending
8. Provide for Economic Growth and Job Creation
9. Long-term Fiscal Responsibility
10. Tax Code Fairness and Simplicity
11. Reduce Tax Burden on Families

In order to achieve the goals to help eliminate the deficit, lower taxes and create responsible budgets, Jim has sponsored and co-sponsored many pieces of legislation, and as the House Budget Committee Chairman, he has written many items into his budget. You will find a listing of these items on the following pages.

www.nussle.house.gov

www.nussle.house.gov

Nussle's Budget and Taxes Agenda Legislation:**FY 2004 Budget Resolution (H. Con. Res. 95)**

As chairman of the House Budget Committee, Rep. Nussle successfully secured passage of H. Con. Res. 95, the Budget Resolution for fiscal year 2004, to provide for Iowa's priorities. H. Con. Res. 95 was approved by the House of Representatives and Senate on April 11, 2003.

Protects America

Provides the President's requested funding levels for the Departments of Defense and Homeland Security.
Provides \$5.6 billion to protect the public from emerging threats of chemical and biological weapons.

Strengthens the Economy and Creates Jobs

Provides for \$1.2 trillion in total tax relief for working families and small businesses.
Provides \$550 billion to implement the President's plan to strengthen the economy and create jobs.

Fiscal Responsibility

With spending restraint, reduces deficits each year and balances the budget in 9 years (2012).
Directs all committees in the House of Representatives to identify waste, fraud, and abuse in the federal government to be used in future reforms.

Key Issues

Medicare: Establishes \$400 billion in new funding to strengthen the Medicare program, including adding prescription drugs.

Education: Provides significant funding increases for education programs including IDEA, Pell Grants, and the funding for the implementation of No Child Left Behind.

Veterans: Provides a 10.7% increase for veterans programs over FY 2003.

Jobs and Growth Reconciliation Tax Act (H.R. 2)

Provides important tax relief to Iowa's individuals and businesses to create jobs and generate economic growth. Specific Provisions include:

- Business and investment incentives including increases in the amount small businesses can expense, extended net operating loss carry back and a bonus depreciation increase.
- Acceleration of several tax relief initiatives first approved in 2001 for individuals, including an increase of the child credit to \$1000, expansion of the 10 percent bracket, marriage penalty relief and individual rate cuts.
- A reduction of the tax rate on dividends and capital gains to 5 percent for taxpayers in the lowest tax brackets and to 15 percent for all other taxpayers.
- *H.R. 2 was approved by the Congress on May 23, 2003. Signed into law by the President on May 28, 2003.*

Job Creation and Worker Assistance Act

- Provides incentives for corporations to create jobs and spur innovation.
- Provides an immediate boost to our economy with recognition of the long-term repercussions on the federal budget.

Temporary Assistance to Needy Families (TANF)

Reauthorizes grants under the TANF program for an additional year and provides a contingency fund for grant funding.

Education Tax Credit

Provides an annual tax credit of up to \$250 for classroom supplies for all eligible teachers.

Depreciation

Provides 30 percent expensing of investment in most forms of depreciable property over a three year period.

Alternative Fuels Tax Credits

Extends the current tax credits for electricity production from closed loop biomass and wind energy.

Approved by Congress on March 8, 2002. Signed into law by the President on March 9, 2002.

Permanent Death Tax Elimination Act (H.R. 8)

- Permanently repeals the death tax.
- *Co-sponsored by Rep. Nussle.*
- *Approved by the House of Representatives on June 18, 2003.*

Economic Growth and Tax Relief Reconciliation Act

- ***Approved by Congress on May 26, 2001. Signed into law by the President on June 7, 2001.***

Marginal Rate Reductions

- Creates new rate structure: 10 percent, 15 percent, 25 percent, 28 percent, 33 percent, and 35 percent.
- Gives lump-sum refund of \$300 for single taxpayers, \$500 for single parents, and \$600 for married taxpayers.
- New 10 percent rate effective January 1, 2001, on first \$6,000 (singles) and \$12,000 (couples).
- Repeals personal exemption (PEP) and itemized deductions phase-outs beginning in 2006.

Death Tax Repeal

- Repeals the death tax in 2010 and phases in increase in the unified credit to \$4 million in 2009.

Marriage Penalty Repeal

- 15 percent bracket widened to twice that of singles.
- Eliminates marriage penalty in the standard deduction for non-itemizers.

Economic Growth and Tax Relief Reconciliation Act continued

Approved by Congress on May 26, 2001. Signed into law by the President on June 7, 2001.

Child Tax Credit Expansion

- Doubles the child credit from \$500 to \$1,000 (\$600 in 2001-'07, \$700 in '08, \$800 in '09, \$1,000 in '10).

Retirement Savings

- Increases IRA contributions from \$2,000 to \$5,000.
- Increases 401(k) and other tax-deferred contribution limits from \$10,500 to \$15,000.
- Allows IRA catch-up contributions.
- Modifies Section 415 aggregation rules for multi-employer plans.

Education Incentives

- Increases education savings accounts (ESAs) from \$500 to \$2,000 and expands to K-12 public and private education.
- Allows above-the-line deduction for higher education expenses.
- Allows private institutions to offer pre-paid tuition plans.
- Makes permanent employer-provided educational assistance exclusion.

Alternative Minimum Tax

- Adjusts the alternative minimum tax (AMT) to prevent taxpayers from losing benefits of tax reductions in the bill.